

16-16-604 Security interest and set-off.

- (1) A member or transferee may create an enforceable security interest in its financial rights in a limited cooperative association.
- (2) Unless the organic rules otherwise provide, a member may not create an enforceable security interest in the member's governance rights in a limited cooperative association.
- (3) The organic rules may provide that a limited cooperative association has a security interest in the financial rights of a member to secure payment of any indebtedness or other obligation of the member to the association. A security interest provided for in the organic rules is enforceable under, and governed by, Title 70A, Chapter 9a, Uniform Commercial Code - Secured Transactions.
- (4) Unless the organic rules otherwise provide, a member may not compel the limited cooperative association to offset financial rights against any indebtedness or obligation owed to the association.

Enacted by Chapter 363, 2008 General Session